GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:3833
ANSWERED ON:16.05.2006
INDO BHUTAN BILATERAL TRADE AGREEMENT
Singh Shri Dushyant

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether India and Bhutan have any bilateral regional trade agreement;

(b) if so, details thereof; and

(c) the details of the items to be traded between the countries?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI JAIRAM RAMESH)

(a) Yes Sir.

(b) Indian-Bhutan bilateral trade is regulated as per the India-Bhutan Agreement on Trade and Commerce which provides for free trade between the two countries. Under this Agreement Government of India allows transit facilities for Bhutan's trade with third countries through specified entry/exit points. The text of the Agreement is available in the website of Department of Commerce "http://www.commerce.nic.in" under the heading "Trade/Transit Arrangements".

India and Bhutan are also signatories of the Agreement on South Asian Free Trade Area (SAFTA) which has come into force from 1st January, 2006. SAFTA provides for a phazed tariff liberalization programme (TLP) which is scheduled to come into force from 1st July 2006. This TLP would not be applicable to the items in the Sensitive List kept by each member state. India has kept two sensitive lists, one with 884 items for Non-LDC Members (Pakistan and Sri Lanka) and other with 763 items for LDC members (Bangladesh, Bhutan, Maldives and Nepal) whereas Bhutan has kept one list of 137 items. The text of the SAFTA Agreement and its annexes are available in the website "http://www.commerce.nic.in" under the heading "Trade/Transit Arrangements − India's current engagements in RTAs".

(c) The Agreement on Trade and Commerce does not provide for any Negative List. Top five items of Exports from India to Bhutan are (1) Machinery and Instruments (2) Manufactures of Metals (3) Transport Equipments (4) Primary and Semi-finished Iron and Steel, and (5) Electronics Goods. Top five items of imports by India are (1) Primary Steel, Pig Iron based items (2) Inorganic Chemicals (3) Wood and Wood Products (4) Non-ferrous metals and (5) Man-made filament/spun yarn.